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Government of
Saskatchewan

Annual Report

1986-87

Saskatchewan Liquor Board

Saskatchewan
Liquor Board
Annual Report
1986-87

The Honourable Frederick W. Johnson,
Lieutenant Governor of the
Province of Saskatchewan.

Dear Sir:

I have the honour to hereby transmit the annual report of the Saskatchewan Liquor Board for the year ending March 31, 1987.

Yours sincerely,

Graham Taylor

Graham Taylor,
Minister in Charge,
Saskatchewan Liquor Board.

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A Message from The Chairman of the Board

Regina, Saskatchewan

The Honourable Graham Taylor,
Minister in Charge,
Saskatchewan Liquor Board.

I have the honour to submit pursuant to Section 222 of The Liquor Act the sixty-second annual report for the fiscal year ending March 31, 1987.

I wish to express my thanks to all of our employees for their support and good service throughout the year.

Respectfully submitted,

Ted Urness
Chairman.

General Manager's Report

1986/87 marks the fifth straight year of declining sales volume. More specifically, spirit sales were down 5.7% in volume from last year and 17.1% since 1982/83. Beer sales were down by 3.0% over last year. Wine sales, which include cooler sales, were down 3.2% from the previous year. Up to now the wine category had been showing gradual growth and more recently has been buoyed by wine cooler sales.

I believe the downward trend in alcohol consumption, which is evident throughout Canada, will continue for the foreseeable future, with only a few areas such as coolers and schnapps showing any significant growth.

Reduced sales over the last few years have forced the Board to downsize its operation in terms of manpower. This reduction in manpower has been somewhat constrained by the increased hours of services we are giving our customers as more Saskatchewan communities have opted for six days a week shopping and increased night shopping hours. Another limiting factor in our ability to downsize is our inability to convert very small liquor stores into special liquor agencies due to legislated restrictions on the maximum number of agency stores.

Manpower reduction and other cost constraints coupled with pricing changes initiated by the liquor manufacturers, have resulted in a 1% increase in net income.

For the coming year we hope to hold the line on expenses. Dollar sales should be up due to expected price increase from suppliers and

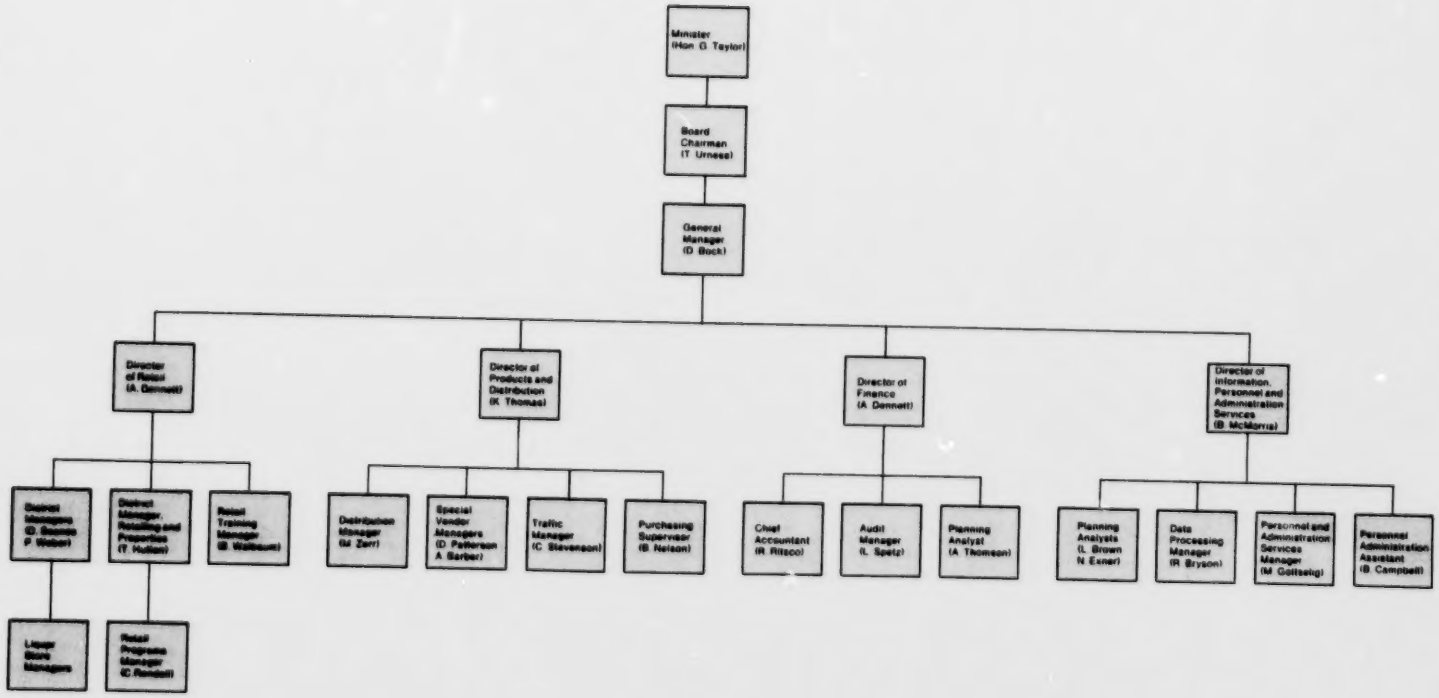
Board mark-up increases required to meet the provincial budget expectation of an additional $10 million a year.

Saskatchewan may also have a new Liquor Act as indicated by our Minister the Honourable Graham Taylor. Our existing Act was first passed in 1926 and has had numerous amendments. Needless to say a new Act should better address the concerns, desires, and issues of the 80's.

In conclusion, I would like to take this opportunity to thank all our staff for the excellent job they have done for the Board and for the people of Saskatchewan.

Saskatchewan Liquor Board

Organizational Chart as at
March 31, 1987


Minister (Hon G Taylor)
Board Chairman (T Urness)
General Manager (D Buck)
Director of Retail (A Dennett)
Director of Products and Distribution (K Thomas)
Director of Finance (A Dennett)
Director of Information, Personnel and Administration Services (B McMorris)
Distribution Manager (M Zerr)
Special Vendor Managers (D Patterson A Barber)
Traffic Manager (C Stevenson)
Purchasing Supervisor (B Nelson)
Chief Accountant (R Risco)
Audit Manager (L Spetz)
Planning Analyst (A Thomson)
Planning Analysts (L Brown N Exner)
Data Processing Manager (R Bryson)
Personnel and Administration Services Manager (M Gottselig)
Personnel Administration Assistant (B Campbell)

Operations

Retail Operations

As of March 31, 1987, the Board was operating 160 special vendor agencies and 86 liquor stores. Two of these stores, located in Regina and Saskatoon, cater exclusively to the licensee trade.

With an agency in Milden becoming operational in October, 1986, the 160 special vendor outlets in place represents the full complement provided for in Legislation. Of this number, 120 or 75% employ a self-service format leaving only 40 utilizing the traditional counter-service mode. During the year a new telephone ordering system was implemented for special vendors. The system significantly reduces the time span between placing their order and receiving the products, which in turn enables the vendors to better control their inventory.

The South Albert Street store in Regina, and the 2nd Avenue North store in Saskatoon, received renovations in the specialty sections in order to upgrade the area in keeping with the products featured there.

Sales volumes are down in liquor stores for the last few years due to decreased liquor consumption and an increase in the number of S.V.'s from 135 to 160. This has resulted in the Board reducing manpower. Most of the reduction has been accomplished by increasing the usage of part time staff versus full time. Offsetting part of the labour reduction has been the demand for more hours of opening such as six day operations in many rural communities instead of five and increased night shopping in many urban communities. The increase in store hours and reduced sales volume has made it extremely difficult to meet our budgeted labour efficiency without sacrificing customer service. The continuing trend of reduced sales will aggravate this problem in the coming years.

Products and Distribution

Spirits, wine and imported beer are distributed to liquor stores and special liquor vendors from a central bonded warehouse located in Regina. Domestic beer is distributed for the Board by the Saskatchewan Brewers Association.

The central warehouse facility underwent significant physical and operational modifications this year designed to enhance overall efficiency and thereby provide a better service to the 86 liquor stores and 160 agencies it serves.

At year end, the Board had 1,126 general and 377 specialty listings, made available to the Board by a large contingency of Canadian and foreign suppliers. Specialty listings, with an emphasis on wine, are intended to provide the general public with a more varied selection of products. A full-line display of specialty products is offered by the South Albert Street store in Regina and the 2nd Avenue North store in Saskatoon. Those same specialty products are also available to the general public and licensees upon request through Board stores and Special Liquor Vendors.

The trend toward moderation by the consuming public continued this past year. An analysis of general sales trends shows a significant downward slide in spirit sales volume, offset to some extent, by a growing consumer demand for lower alcohol-by-volume products, principally wine and wine coolers. Total wine sales, however, fell this past year due to the effect of foreign exchange rates on prices of traditionally high volume French, German and Italian wines. In contrast, price advantage did allow for market penetration by domestic wines and those from relatively new foreign sources, principally Spain, South America and Eastern Europe. Consumers continued to show a marked preference for white wines with red wine volume continuing to decline.

Within the spirit market, all major categories experienced decline with the exception of rum and vodka, up 2% and 4% respectively. And although the liqueur category showed a decrease in sales volume, schnapps products performed very well and are expected to become a market leader in the year to come.

Again, wine coolers show a dramatic increase in sales volume, up 25% and now representing 11% of the total wine market. Spirit-based coolers, introduced to the province only this year, performed very well and are expected to corner a significant percentage of the refreshment beverage category given the proliferation of new flavours entering the market.

Beer sales were down 3%, an extension of the 5% decrease realized the previous year. The growth in popularity of the wine and spirit-based coolers is deemed to be a contributing factor. Light beer, as a percentage of total beer sales, continues to grow, up from 22% in 1985/86 to 28% in 1986/87.

In 1987/88, we anticipate a further decline in spirit sales volume and a growing consumer preference for wine and spirit-based coolers and wine from sources other than the traditional European market should prices for same remain relatively high.

Financial Operations

Volume sales were down significantly; part of this decrease was due to $3 million worth of prebuying, just prior to the start of the fiscal year, in order to avoid March 17 and March 31/1986 price increases. If we adjusted for this prebuying, we would have had a 3.8% increase in dollar sales versus the 1.7% increase shown in our financial statements. 1986/87 gross profit of $138.9 million and net income of $118.5 million reflected the same increase as sales.

Operating costs increased a very modest 0.8% despite a 2% salary increase for unionized employees; in fact total labour costs decreased by 1%. However, this was offset by inflationary increases in other expenses.

The province transferred $140 million to the consolidated fund leaving the Board with retained earnings of $127.9 million.

Personnel

The breakdown of the number of staff as of March 31, 1987 was:

	Permanent	Part-time
General Administration	6	—
Products and Distribution	27	4
Information Systems		
Personnel and Admin. Services	24	4
Finance	30	2
Retail Operations	204	259
	291	*269

* equivalent to 109 man years.

A new collective agreement was reached with the union which called for a 2% wage increase for 1986/87 followed by a further 2% for 1987/88.

Permits Issued

	1982/83	1983/84	1984/85	1985/86	1986/87
Brewers Permits	3	3	3	3	3
Brewers Hospitality Suite Permits	3	3	3	3	3
Distillers Permits	1	1	1	1	1
Permits to Druggists, Physicians, etc.:					
– Druggists' sale and compounding permits	6	8	10	13	8
– Physicians professional use	11	11	3	3	6
Manufacturing and Scientific purposes	34	29	30	28	36
Permits to persons engaged in business of selling church supplies					
– sacramental wine	2	2	2	2	3
Permits issued:					
Individual and Organization – Non sale of liquor	12,175	12,694	12,490	12,496	12,268
Organization – Sale of liquor	19,458	18,217	18,112	18,113	18,232
Community Event	295	332	438	480	473
	31,988	31,300	31,092	31,142	31,033

Special Liquor Vendor Outlets as at March 31, 1987

Abbey
Admiral
Allan
Alsask
Alvena
Arborfield
Arcola
Avonlea

Balcarres
Balgonie
Beechy
Bengough
Big River
Birch Hills
Bjorkdale
Blaine Lake
Bruno
Buchanan
Burstall

Cabri
Candle Lake
Carnduff
Central Butte
Ceylon
Chaplin
Choiceland
Churchbridge
Climax
Cochin
Coleville
Colonsay
Consul
Coronach
Craik
Crane Valley
Cudworth
Cupar
Cut Knife

Debden
Delisle
Dinsmore
Dodsland
Domremy
Dorintosh
Duck Lake
Dundurn

Eastend
Estonia
Edam
Elbow
Elrose
Emma Lake

Fillmore
Fox Valley

Gainsborough
Glaslyn
Glenavon
Golden Prairie
Goodeve
Goodsoil
Govan
Grayson
Grenfell

Hanley
Harris
Hodgeville
Holdfast

Imperial
Invermay

Kelliher
Kenaston
Kenosee Lake
Kinistino
Kinley
Kyle

Lafleche
Lake Lenore
Lampman
Landis
Langham
Lashburn
Leask
Lemberg
Leoville
Leroy
Loon Lake
Lucky Lake
Lumsden
Luseland

Macklin
MacNutt
Maidstone
Mankota
Marsden
Maryfield
Mayfair
Midale
Middle Lake
Milden
Milestone
Minton
Mistatim
Montmartre
Moose Jaw C.F.B.
Morse
Mossbank

Naicam
Neudorf
Nokomis
Norquay

Ogema
Oxbow

Paddockwood
Pelly
Pense
Pierceland
Porcupine Plain

Quill Lake

Rabbit Lake
Radisson
Redvers
Regina Beach
Rhein
Riverhurst
Rocanville
Rockglen
Rose Valley
Rouleau

St. Brieux
Saltcoats
Sedley
Shell Lake
Simpson
Southey
Spiritwood
Spy Hill
Star City
Stockholm
Strasbourg
Sturgis

Theodore
Togo
Torquay
Tramping Lake
Turtleford

Val Marie
Vanguard
Vibank
Viscount
Vonda

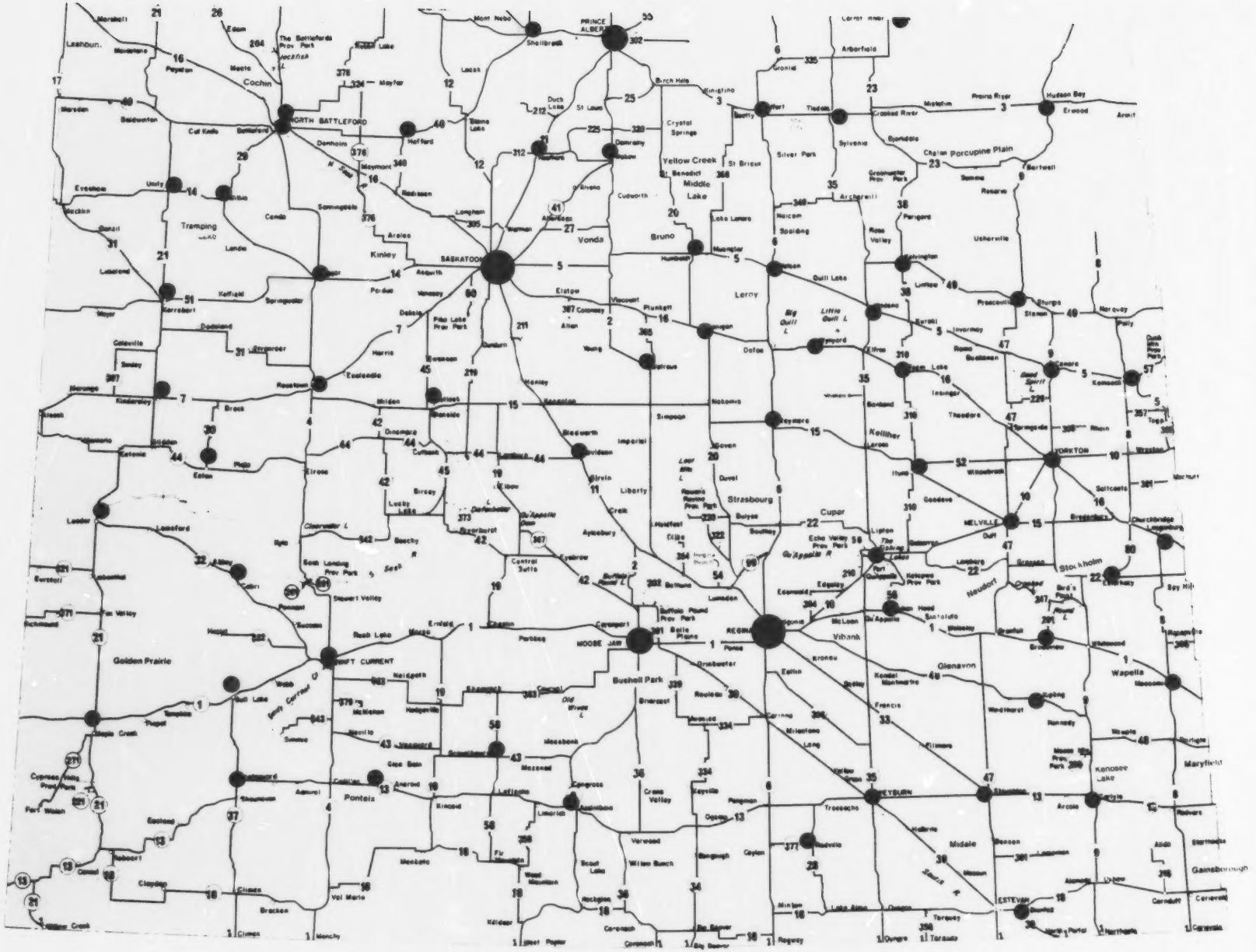
Wapella
Wawota
Weirdale
Whitewood
Willow Bunch
Wishart
Wolseley
Wroxton

Yellow Creek
Young

Total Number of S.V.'s = 160

8

Map

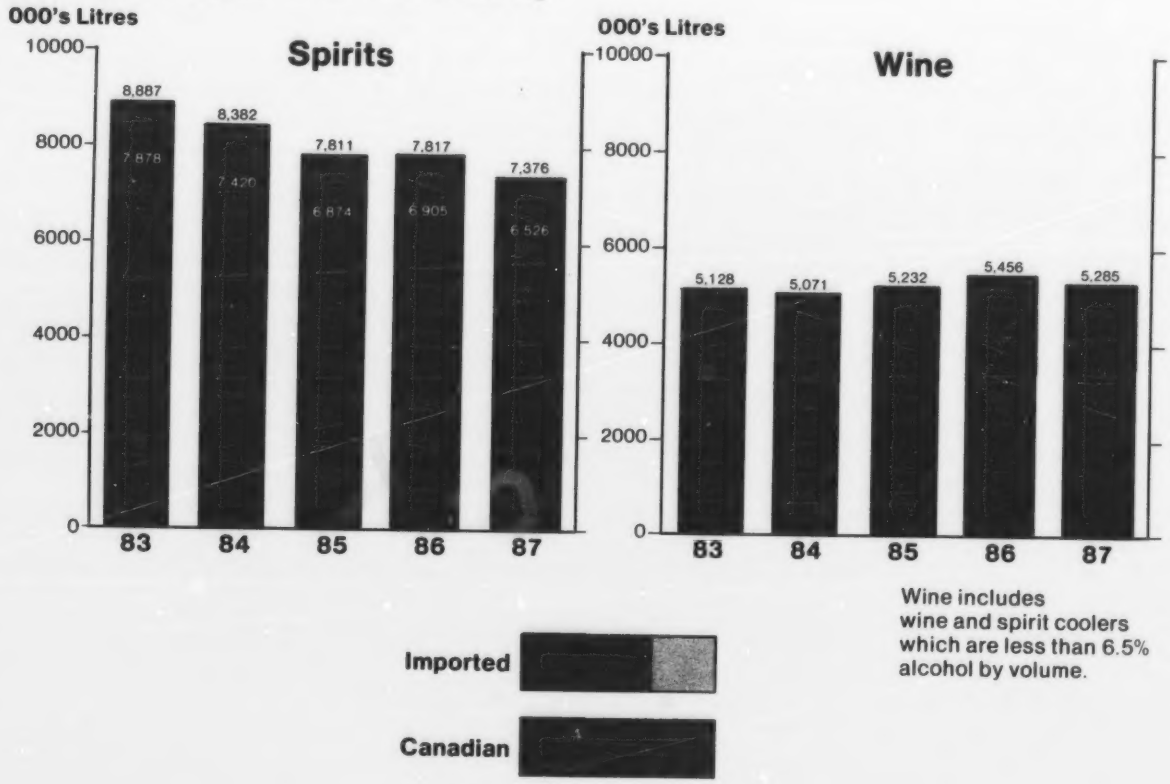


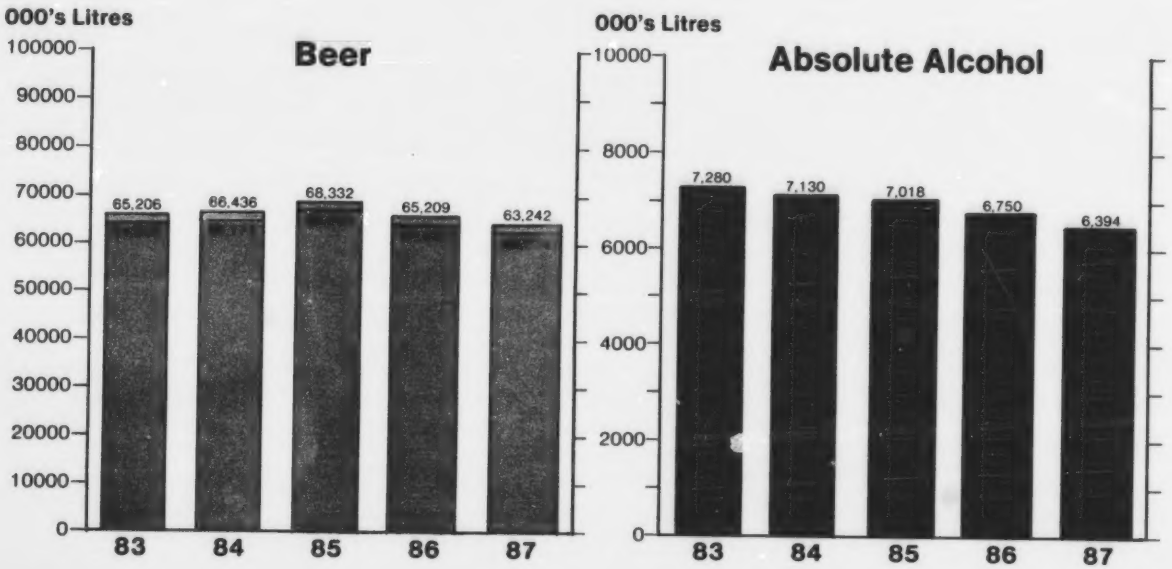
● Liquor Board Stores

Special Liquor Vendors

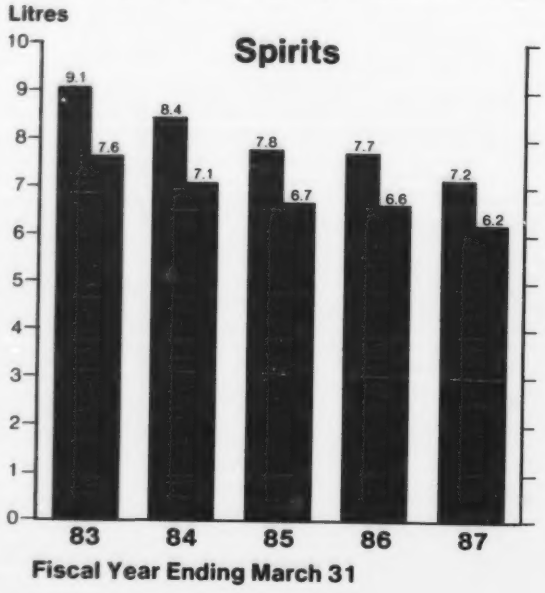
Sales

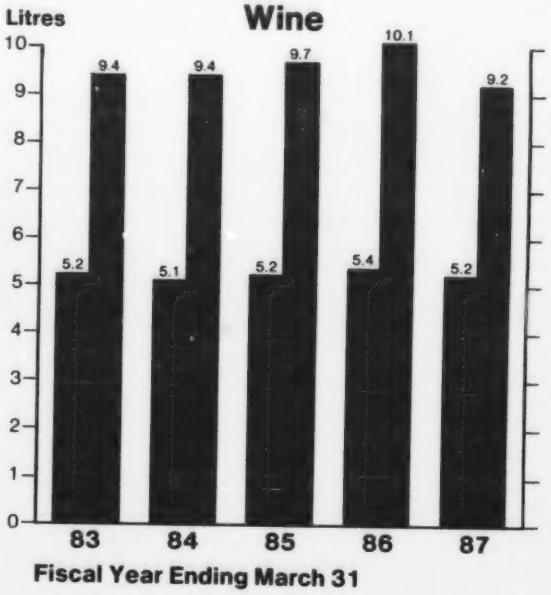
Volume of Sales — 5 Year History





Per Capita Consumption — 5 Year History



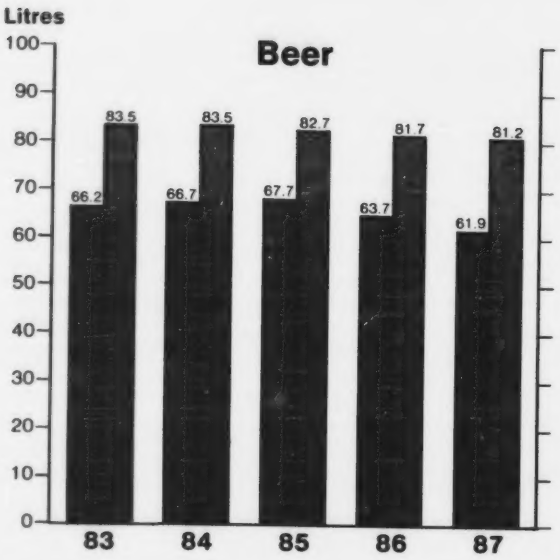


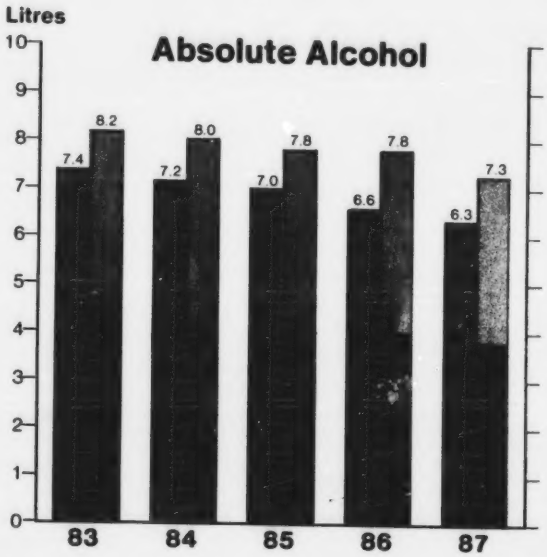
Saskatchewan

Canada

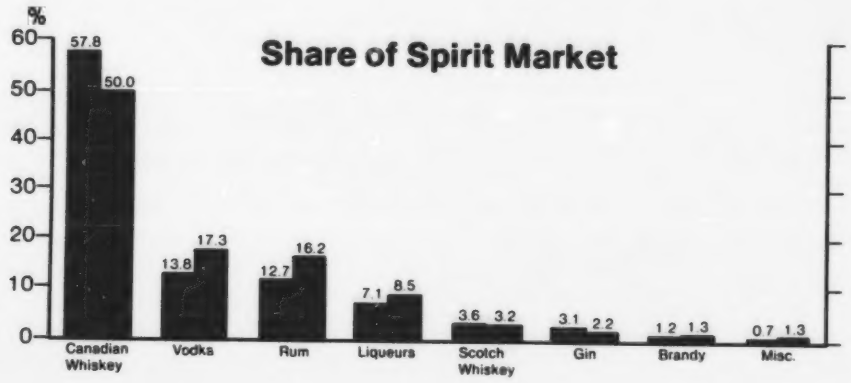
NOTES: These are actually per capita sales figures. True consumption figures are unobtainable.

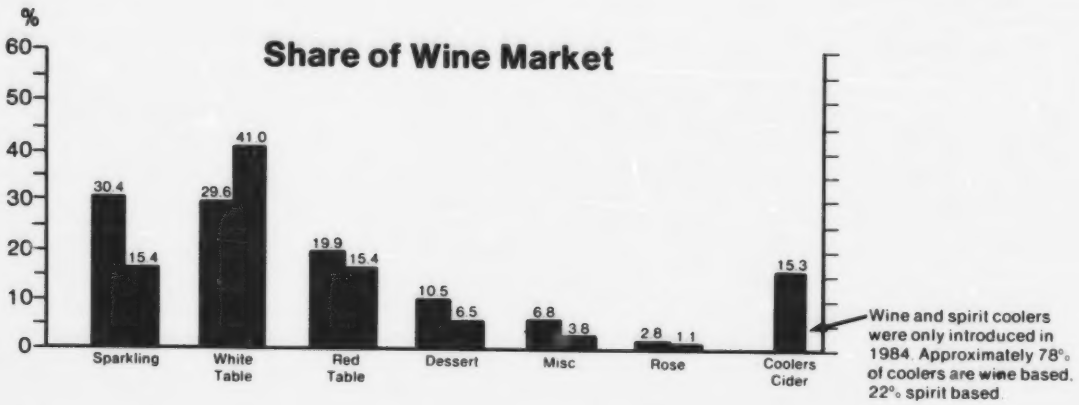
The weighted average alcohol content was used to convert spirits, wine and beer to absolute alcohol.

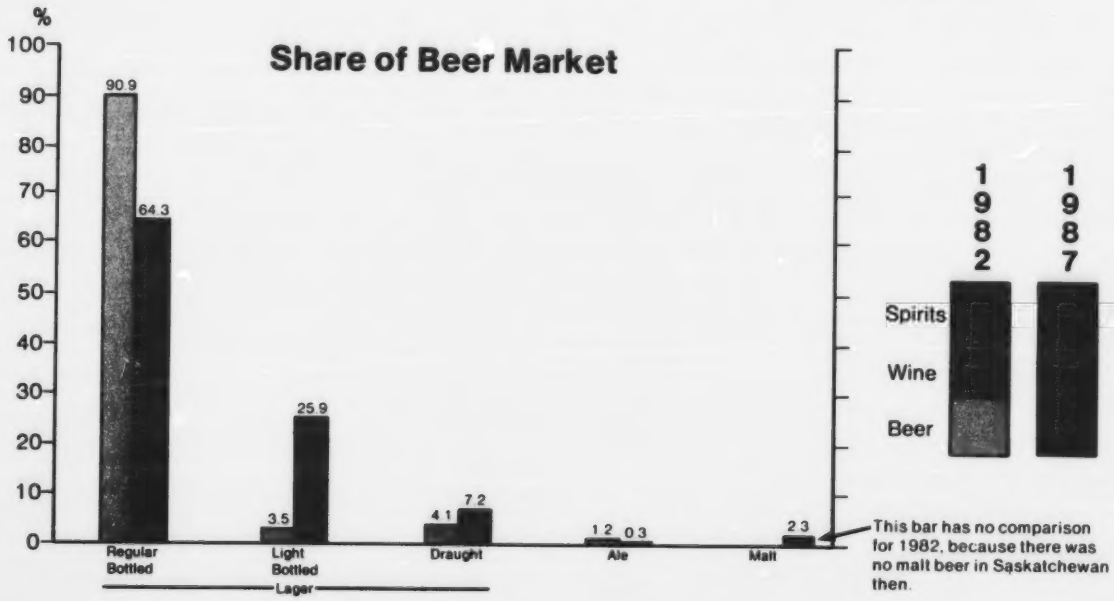




Sales Trends



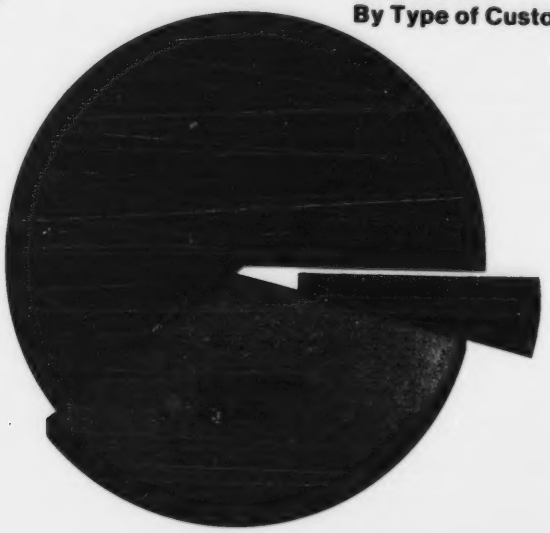




Gross Profit
By Type of Beverage

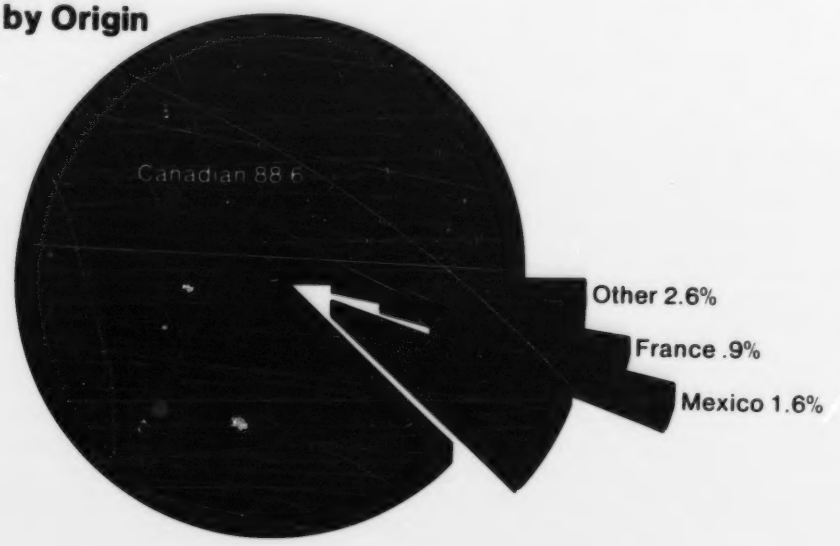
Revenue
By Type of Beverage

Revenue
By Type of Customer

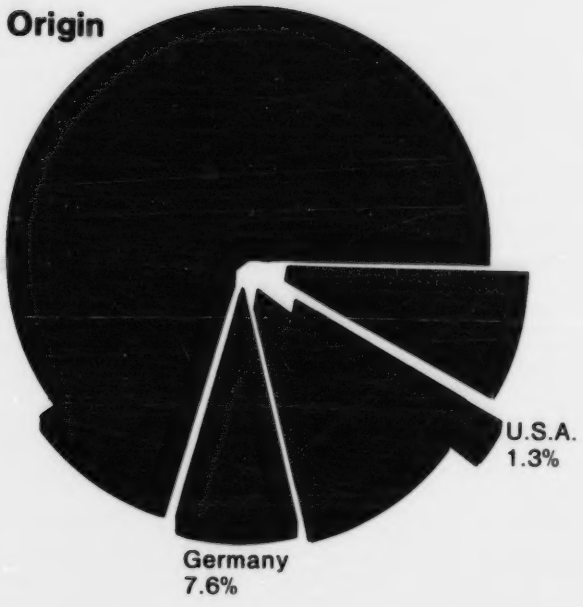


Volume of Sales

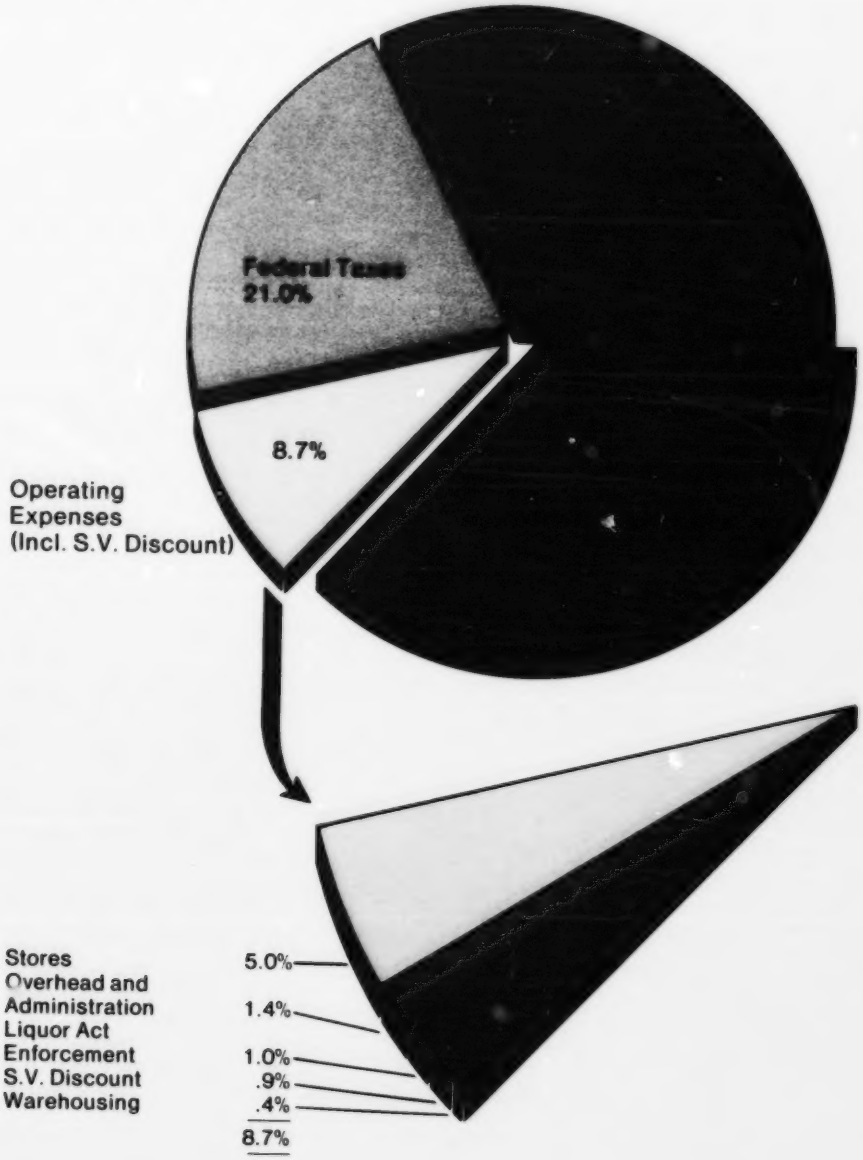
Spirits by Origin



Wine by Origin



Application of Revenue



Schedule of Sales by Liquor Stores

for the year ended March 31, 1987

Location	Store Number	Wines & Spirits	Beer	Total
Assiniboia	519	$ 1,025,378	$ 312,446	$ 1,337,824
Battleford	522	953,274	356,391	1,309,665
Biggar	525	680,079	217,379	897,458
Broadview	586	293,665	145,543	439,208
Buffalo Narrows	606	426,906	470,803	897,709
Canora	536	932,605	208,719	1,141,324
Carlyle	554	634,239	238,764	873,003
Carrot River	601	407,786	175,557	583,343
Creighton	542	1,029,646	150,690	1,180,336
Davidson	555	424,314	172,228	596,542
Esterhazy	556	862,375	329,631	1,192,006
Estevan	520	2,230,739	528,537	2,759,276
Eston	602	330,345	71,855	402,200
Foam Lake	597	617,084	161,771	778,855
Fort Qu'Appelle	553	1,170,330	384,101	1,554,431
Gravelbourg	518	516,922	182,760	699,682
Gull Lake	516	415,493	107,975	523,468
Hafford	595	264,336	70,833	335,169
Hudson Bay	545	747,420	242,514	989,934
Humboldt	515	1,537,846	597,046	2,134,892
Indian Head	543	558,269	215,899	774,168
Ituna	531	434,829	99,943	534,772
Kamsack	512	877,519	218,519	1,096,038
Kelvington	541	531,382	135,409	666,791
Kerrobert	537	394,912	148,056	542,968
Kindersley	523	1,448,831	442,081	1,890,912
Kipling	528	450,031	143,707	593,738
La Loche	567	316,702	561,318	878,020
La Ronge	588	1,700,297	531,207	2,231,504
Langenburg	563	339,950	128,518	468,468
Lanigan	564	479,599	155,216	634,815
Leader	551	331,311	118,725	450,036
Lloydminster	548	659,792	190,634	850,426
Maple Creek	521	740,837	278,632	1,019,469
Meadow Lake	532	1,371,466	624,223	1,995,689
Melfort	524	1,516,195	481,652	1,997,847
Melville	514	1,418,404	361,315	1,779,719
Moose Jaw:				
100 Fairford St. W.	506	4,515,169	1,395,421	5,910,590
510 4th Ave. S.W.	562	1,326,912	485,052	1,811,964
Total Moose Jaw Stores		5,842,081	1,880,473	7,722,554
Moosomin	547	738,307	275,751	1,014,058
Nipawin	534	1,370,859	346,998	1,717,857
North Battleford	509	3,069,505	933,202	4,002,707
Outlook	576	524,204	231,678	755,882
Ponteix	579	331,380	109,056	440,436
Preeceville	605	699,821	164,791	864,612
Prince Albert:				
554 17th St. W.	507	3,321,967	893,419	4,215,386
South Hill Shopper's Mall	546	4,805,000	1,893,653	6,698,653
Total Prince Albert Stores		8,126,967	2,787,072	10,914,039

Schedule of Sales by Liquor Stores — continued

for the year ended March 31, 1987

Location	Store Number	Wines & Spirits	Beer	Total
Radville	529	266,974	102,272	369,246
Raymore	568	458,376	125,734	584,110
Regina:				
Park St. & 10th Ave. E.	500	6,419,730	—	6,419,730
Broadway Shopping Centre	501	3,168,166	1,080,249	4,248,415
Normanview Shopping Centre	502	2,680,971	1,159,873	3,840,844
1881 Broad Street	526	3,171,639	921,710	4,093,349
North Albert Street	550	6,781,999	3,335,927	10,117,926
South Albert	557	7,569,190	1,957,854	9,527,044
1165 Pasqua Street	560	2,977,162	1,529,930	4,507,092
1702 Park St.	569	3,354,579	1,638,731	4,993,310
188 University Park Drive	575	1,442,487	550,549	1,993,036
Total Regina Stores		37,565,923	12,174,823	49,740,746
Rosetown	544	949,818	327,706	1,277,524
Rosthern	513	474,036	197,641	671,677
Saskatoon				
401 20th St. W.	503	1,614,640	910,073	2,524,713
1935 1st Ave. N.	504	6,660,118	—	6,660,118
2325 Preston Ave.	559	5,604,893	1,974,807	7,579,700
124 3rd Ave. N.	565	3,965,772	1,025,700	4,991,472
1701 Idylwyld N.	566	2,718,312	1,175,329	3,893,641
134 Primrose Dr.	570	3,839,140	1,531,530	5,370,670
Confederation Plaza	571	5,889,814	2,934,429	8,824,243
Sutherland	572	1,735,481	994,461	2,729,942
Grosvenor Park	573	3,913,929	1,281,339	5,195,268
14-2605 Broadway Avenue	574	934,972	365,765	1,300,737
Total Saskatoon Stores		36,877,071	12,193,433	49,070,504
Shaunavon	517	649,751	197,407	847,158
Shellbrook	600	501,563	235,929	737,492
St. Walburg	539	315,588	137,009	452,597
Stoughton	604	282,090	77,046	359,136
Swift Current	510	3,016,428	1,158,409	4,174,837
Tisdale	538	1,083,204	358,639	1,441,843
Unity	599	652,648	219,059	871,707
Wadena	558	737,433	189,268	926,701
Wakaw	540	370,660	159,628	530,288
Waskesiu (summer only)	533	300,365	139,323	439,688
Watrous	530	636,106	211,660	847,766
Watson	549	430,017	169,642	599,659
Weyburn	511	2,223,136	743,617	2,966,753
Wilkie	527	432,657	159,709	592,366
Wynyard	535	702,732	194,813	897,545
Yorkton	508	3,952,593	1,015,259	4,967,852
Spec. Ord.		921,038	—	921,038
Less: Drug Discounts		−544		−544
Total		$143,573,895	$47,177,644	$190,751,539

Schedule of Purchases

Wines and Spirits Purchased

for the Year Ended March 31, 1987

Purchased from	Address	$
Canada		
Alberta Distillers Limited	Vancouver, British Columbia	1,109,486
Andres Wines (Alberta) Limited	Calgary, Alberta	828,502
Ascona Agents	Vancouver, British Columbia	54,268
B & C Imp-Ex Corp.	Vancouver, British Columbia	4,149
Baker, Jack, Distillers Ltd.	Toronto, Ontario	15,893
Barnes Wines Limited	St. Catharines, Ontario	140,865
Bright, T. G. & Company Limited	Niagara Falls, Ontario	949,415
Calona Wines Limited	Kelowna, British Columbia	1,877,944
Casabellow Wines Limited	Penticton, British Columbia	173,244
Chateau-Gai Wines	Calgary, Alberta	400,869
Chateau-Gai Wines Limited	Niagara Falls, Ontario	114,834
Corby Distilleries Limited	Corbyville, Ontario	3,097,478
David Herman & Son Ltd.	Vancouver, British Columbia	489
De Kuyper, John & Son	Montreal, Quebec	39,177
F. B. M. Distillery Co. Ltd.	Brampton, Ontario	1,146,994
Gibson Canada Inc.	Montreal, Quebec	215,731
Gilbey Canada Inc.	Toronto, Ontario	2,303,175
Gooderham's Import Co.	Toronto, Ontario	7,659
Great West Distillers Ltd.	Vancouver, British Columbia	5,926
Guru Importers Inc.	Rendale, Ontario	291
Hanschell Inniss Ltd.	St. John's, Newfoundland	9,262
Hudson's Bay Distillers Ltd.	Toronto, Ontario	10,900
Imperial Wines & Spirits Ltd.	Richmond, British Columbia	18,796
Inniskillin Wines Inc.	Niagara Falls, Ontario	12,203
Jordan & Ste. Michelle Cellars	St. Catharines, Ontario	189,132
Lewis Brothers Winery	Grande Prairie, Alberta	1,670
London Winery Limited	London, Ontario	62,568
Mara, William, Company	Belleville, Ontario	10,820
Margravine Cellars	Richmond, British Columbia	191
Mark Anthony Wine Merchants	Vancouver, British Columbia	366
McGuinness Distillers Limited	Toronto, Ontario	2,146,344
Meagher's Distillery Ltd.	Montreal, Quebec	1,019,445
Mission Hill Vineyards, Inc.	Westbank, British Columbia	79,825
Morrison Distillers Ltd.	Guelph, Ontario	1,388
Okanagan Cider Co. Ltd., The	Westbank, British Columbia	203,762
Palliser Distillers Limited	Toronto, Ontario	272,759
Park & Tilford Canada Inc.	Montreal, Quebec	90,013
Paul Masson & Co. Limited	Beamsville, Ontario	274,695
Potter Distilleries Ltd.	Langley, British Columbia	134,805
Rieder Distillery Ltd.	Grimsby, Ontario	7,089
Rumark Rums Canada Ltd.	Toronto, Ontario	43,080
Schenley Canada Inc.	Montreal, Quebec	1,292,462
Seagram Company Ltd., The	Gimli, Manitoba	2,402,107
Seagram, Joseph E. & Sons Ltd.	Montreal, Quebec	600,639
Vignobles Chantecler	Rougemont, Quebec	19
Vineland Estate Wines	Vineland, Ontario	3,181
Vintage Consultants	Vancouver, British Columbia	27,927
Walker, Hiram & Sons Limited	Walkerville, Ontario	1,870,590
		23,272,427

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1987

Purchased from	Address	$
France		
Armagnac, Sempe	Paris	3,898
Barre, Ets. Freres	Clisson	3,297
Barriere, A & R Freres	Bordeaux	6,884
Barton & Guestier	Bordeaux	9,361
Benedictine	Paris	31,499
Bergerie, La	Pauillac	98,892
Borie-Manoux	Bordeaux	15,961
Bouchard Aine & Fils	Cedex	138,952
Bouchard, Paul & Cie	Cote-D'or	9,607
Calvet, J. & Cie	Cedex	20,991
Cave Vinicole Eguisheine	Grand Rue	436
Caves De Wissembourg, S.A.R.L.	Wissembourg	1,798
Champagne Lanson	Reims Cedex	11,640
Chapoutier, M.S.A.	L'Hermitage	4,716
Charles De Fere	Fere-En-Tardenois	260
Chartreuse Diffusion	Cedex	3,083
Chateau De La Gardine	Vaucluse	23,956
Chauvenet, F.	Cote D'Or	15,259
Cointreau	Cedex	22,515
Courvoisier International	Jarnac	62,726
Crus Et Chateau De Bordeaux	Bordeaux	8,566
Cruse & Fils Freres	Cedex	20,595
Cusenier	Cedex	1,653
De Navilly, F.	Cedex	3,888
De Neuville	Cedex	18,110
Domaine Du Bosc	Narbonne	1,144
Domaine Le De Saint-Jean De	Peze Nas	747
Dopff	Riquewihr	8,078
Dopff & Irion	Riquewihr	991
Drouhin, Joseph	Beaune	13,983
Dufouleur Freres	Burgundy	6,574
E. Remy Martin & Co. S.A.	Cedex	74,025
Eschenauer, Louis	Cedex	41,981
Establissements Noilly Prat	Cedex	7,398
Gaston De Lagrange S.A.	Saint Ouen	6,662
Gilbey De Loudenne S. A.	Lesparre	33,459
Giraud, Robert S. A.	Girande	24,406
Grands Vins J.C. Boisset	Saint George	235
Heidsieck Henroit, Charles S.A.	Cedex	27,445
Hennessy, James & Company	Cognac	47,445
Henri De Villamont	Savigny	10,726
Henri Laroche	Chablis	1,401
Hugel Et Fils	Riquewihr	3,872
J. B. Audy	Libourne Cedex	1,413
J. Roest Crollius	Benune	5,173
Jaboulet Aine, Paul	L'Hermitage	3,945
Jaboulet Maison, Isnard	L'Hermitage	1,282
Jacques Maison, Depagneux	Rhone	1,544

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1987

Purchased from	Address	$
Jaffelin, Maison	Cedex	7,246
Keuntz Bas	Herrlisheim	435
Kressman, Ed & Company	Cedex	116,462
La Compagnie Maisonneuve	Bordeaux	10,881
La Francaise D Exportation	Montreiul Beelay	3,049
Laboure - Roi	Saint George	273
Laine, Jules & Company	Cognac	27,634
Lauiron & Fils	Vallet	2,772
Les Vins Georges Duboeuf	La Chapelle De Guinchay	9,919
Lichine, Alexis & Company	Bordeaux	20,921
Lupe-Cholet	Beaune	354
Mahler-Besse S. A.	Bordeaux	2,522
Maison Albert Bichot	Cedex	7,726
Maison Henry Bouachon	Chateauneuf Du Pape	15,962
Maison Jean Jean	Gignac	4,925
Maison Louis Latour	Cedex	2,410
Maison Tarride Ledroit & Cie	Bordeaux	70,247
Maison, Sichel	Cedex	41,801
Maisonneuve, La Cie	Bordeaux	19,168
Marie Brizard	Bordeaux	2,299
Marnier-Lapostolle	Paris	395,432
Martell & Co.	Cedex	3,915
Mau, Yvone & Fils	Gironde-Sur-Dropt	7,306
Moet & Chandon	Epernay	174,350
Mommessin, S. A.	Cedex	39,720
Moreau, J. et Fils	Chablis	21,010
Mousset, Louis S.A.	Orange	1,131
Mumm, G. H. & Cie	Cedex	15,967
P. Thevenin	Cedex	964
Piat Pere & Fils	La Chapelle De Guinchay	373,982
Prosper Maufoux	Cote D'Or	1,142
Remy — Pannier	Cedex	26,131
Rodet, Antonin	Mercurey	28,210
Roedere, Louis Champagne S. A.	Cedex	12,594
Roger, Champagne Pol	Cedex	9,458
Roger, Joanne	Carignan	5,279
Ropiteau Freres	Cote D'Or	2,378
S.E.G.M. Dubonnet International	Paris	57,974
S.E.M.A.V.	Bordeaux	13,152
Sapin, Paul	Belleville	5,575
Schroder & Schyler & Cie	Cedex	29,146
Societe Baron Hoen Sica Sarl	Haut Rhin	3,979
Societe St. Raphael	Paris	1,990
Subileau, Antoine	Vallet	8,751
Thorin S.A.	La Chapelle De Guinchay	15,347
Turpin Freres & Riout	Bordeaux	6,044
Union Des Vignerons Des Cotes Du Rhone	Tulette	3,772

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1987

Purchased from	Address	$
Vernaux, Moemie	Cedex	5,742
Veuve-clicquot-Ponsardin, S. A.	Cedex	15,807
Vintex	Bordeaux	3,858
Wineguild Company Ltd.	Montreuiz Bellay	6,342
Wolfberger	Colmar Alsace	2,613
		2,528,537
West Germany		
Asbach & Company	Ruedesheim	3,862
Balthasar Ress K.G.	Hattenheim/Rheingau	27,013
Black Tower	Bingen/Rhein	188,824
Carl Littlman	Oppenheim	5,892
Clusserath, Math. Jos	Mehring/Mosel	2,865
Deinhard & Company, K.G.A.A.	Koblenz	43,591
Doornkaat	Norden	863
Dortmunder Union Schultheiss-Brauerei, AG	Rheinische Strasse	4,200
Drathen, Ewarld Theod. K.G.	Mosel	13,958
Dujardin & Company	Rhine	5,251
Emil Hammel & Cie	Kirchem/Weinstr	7,910
Export Union	Nieder Olm	7,828
Guntrum, Louis Weinkellerei	Rheinalle	55,716
Hechler-Erben	Alzey	919
Henkell & Company	Weisbaden	61,130
Keiler-Geister-Kellerei Hannese & Co. KG	Briedern-Mersenich/Mosel	19,424
Kellereien F. W. Langguth Erben GmBH & Co. K.G.	Traben-Trarbach/Mosel	24,605
Kendermann, Hermann G.M.B.H.	Bingen/Rhein	41,814
Kloster Kellerei Bingen G.M.B.H.	Bingen/Rhein	2,859
Langenbach & Co. C.M.B.H.	Worms	23,504
Lorch Weinkellerei, Weingut	Weinstrasse	3,863
Muller, Rudolf G.M.B.H. & Co. KG	Reil/Mosel	17,243
Nordhaus GMBH	Wilhelmstr	5,947
Pieroth, Ferdinand Weingut-Weinkellerei	Rhein	44,449
Racke, A.	Mainz/Rhein	46,853
Reh, Franz & Sohn G.M.B.H. K.G.	Leiwen/Mosel	19,471
Rheinberg Kellerei G.M.B.H.	Bingen Am Rhein	50,727
Riemerschmid, Anton	Munchen	17,262
Rosenhof Weinkellerei G.M.B.H.	Bingen/Rhein	6,187
Schlink, Gunther, KG	Bad Kreuznach	2,204
Schmitt'sches, Gustav Adolf Weingut	Nierstein Am Rhein	175,572
Schneider, Michel Nachf	Zel-Merl/Mosel	26,447
Scholl & Hillebrand	Geisenheimerstr	11,798
Schulz & Wagner GMBH	Weinbadener	12,951
Sichel, Sohne, H. G.M.B.H.	Alzey	145,335
Sohnlein Rheingold	Wiesbaden	791

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1987

Purchased from	Address	$
St. Johanner Weinkellerei	St. Johann	22,829
St. Ursula	Bingen	33,925
Steinman Reben GMBH	Sommerhausen	2,025
Valckenberg, P. J.	Worms	10,684
Weinkellerei Wallersheim	Koblenz Rhein	12,731
Wolfgang Zahn-Weinkellerei	Mittelheim Rhein	7,765
Zentralkellerei Badisher	Koblenz	28,070
		1,247,157
United States		
Almaden Vineyards Inc.	San Jose, California	35,948
Angelo Papagni	Madera, California	6,886
Arcerio Winery	Paso Robles, California	297
Associated Importers Inc.	Detroit, Michigan	672,158
Austin Nichols & Co. Inc.	New York, New York	17,487
Beaulieu Vineyard	Rutherford, Claifornia	600
Buena Vista Winery	Sonoma, California	606
Brown-Forman International Limited	Louisville, Kentucky	98,805
Cakebread	Rutherford, California	1,013
Callaway Vineyard & Winery	Termecula, California	2,823
Canandaigua Wine Company	Canandaiqua, New York	6,146
Charles Lefranc	San Jose, California	763
Clos Di Val Wine Company Ltd.	Napa, California	1,542
Creston Manor Vineyards	Creston, California	545
Domaine Chandon	Yountville, California	440
Federal Distillers Inc.	Cambridge, Massachusetts	146,829
Franciscan Vineyards	Napa Valley, California	923
Fromm and Sichel Inc.	Santa Rose, California	5,227
Galliano International	New York, New York	19,053
Gallo, E. & J. Winery	Modesta, California	67,435
Guild Wineries & Distilleries	Pittsburg, P.A.	3,693
Heitz Wine Cellars	St. Helena, California	4,545
Heublein International Sales Corp.	New York, New York	897
Jekel Vineyard	Greenfield, California	2,682
Joseph Phelps Vineyards	St. Helena, California	1,924
Korbel	Guerreville, California	318
Lohr	San Jose, California	398
Mark West Vineyards	Forestville, California	556
Masson, Paul Aging Cellars	New York, New York	3,844
Mirassou Sales Co.	San Hose, California	530
Monarch Wine Co. Inc.	Brooklyn, New York	10,761
Mondavi, Robert Winery	Oakville, California	14,503
Monteirna Wines	Plymouth, California	2,012
Ridge Vineyards, Inc.	Cupertino, California	4,373
Rutherford Vintners	Rutherford, California	1,716
Sebastiani Vineyards	San Francisco, California	2,459
Stag's Leap Winery	Napa, California	8,104
Stevenot	Murphys, California	313

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1987

Purchased from	Address	$
Taylor California Cellars	New York, New York	5,760
Tequila Cuervo, S.A.	San Antonio Texas	28,713
The Seagram Wine Company	Gonzales, California	243
Wente Brothers	Livermore, California	439
Wine Group, The	Ripon, California	2,639
		1,186,948
Italy		
Badia A Coltibuono	Siena	2,115
Barbi E. Colombini	Siena	211
Bersana, Antico Podere	Asti	268
Buton, Gio & C.S.P.A.	Bologna	477
Ca. Giovanni Battista Bertani S.P.A.	Verona	849
Cantina S. Osvaldo S.P.A.	Zovatto	154
Cantina Sociale Colli Albani	Roma	63,814
Cantina Terre Del Barola	Pie Monte	2,909
Cantine Giorgio Lungarotti, S.P.A.	Perugia	4,888
Cantine Torresella	Venzia	100
Casa Vinicola Barone Ricasoli	Firenze	9,353
Castello Di Volpaia	Siena	1,175
Chiarli — 1860 (S.R.L.Pr.I.V.I.)	Modena	22,137
Cierrevi, S.R.I.	Forli	13,009
Cinzano, Francesco & C.I.A.	Turin	10,255
Collavini	Corno Di Prusuzzo	1,126
Corsorzio Produttori Vini Di Velletri	Bingen/Rhein	27,065
Diego, Rallo & Figli	Marsala	2,229
Distillerie Stock S.P.A.	Trieste	10,853
Exoteca Internazionale De Rham	Piazza	378
Folonari S.P.A.L.	Verona	25,495
Fontanafredda	Torino	10,543
Frescobaldi, Marchesi, De	Florence	36,235
Friulerni Soc. Coop Arl.	Zoppola	5,467
Gancia, F.LLI&C. Savas Ind. SPA	Torino	28,025
Girolamo Luxardo, S.P.A.	Dante-Padova	31,135
I.L.L.V.A. Saronno S.P.A.	Saronno	50,275
Jannamico Michele & Figli SNC	Abruzzi	6,571
Lamberti S.P.A.	Veron	117,493
Marchesi L.EP. Antinori	Florence	31,126
Marrgherita, S. S.P.A.	Venice	10,511
Martini & Rossi, I.V.L.A.S.	Torino	52,225
Mazzetti D'Altavilla	Milan	26,200
Premiovini S.P.A.	Brescia	5,493
Ramazzoti S.P.A.	Milan	386
Ruffino, I.L.	Brescia	28,665
S.V.I.P.	Vernona	19,679
Salvalai Allessandro & C.S.P.A.	Brescia	1,122
Schlosskellerei Turmhof	Schlossweg	3,371
Villa Banfi, S.P.A.	Rome	246,269

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1987

Purchased from	Address	$
Weinkellerei W. Walch	Sudtirol	751
Zonin S.P.A.	Gambellara	925
		911,327
England		
Berry Bros. & Rudd Limited	London	40,468
Burrough, James Limited	London	38,800
Catto, James & Company Limited	London	54,285
Duncan Gilbey & Matheson	London	515
Findlater, Mackie, Todd & Co.	London	3,940
Harvey, John & Sons Limited	Bristol	59,158
Justerini & Brooks Limited	London	75,721
Neelwell	Devon	21,047
Showerings Ltd.	Somerset	10,777
Tanqueray, Charles & Co. Limited	London	20,720
Tia Maria Ltd.	West Sussex	107,556
United Rum Merchants Ltd.	West Sussex	270,415
Walker, John & Sons Limited	London	169,881
		873,283
Scotland		
Ballantine, George & Son Ltd.	Dumbarton	198,410
Bass Export Limited	Glasgow	16,221
Begg, John Limited	Glasgow	8,058
Bell, Arthur & Sons Limited	Perth	14,621
Chivas Brothers Limited	Paisley	46,582
Crabbie, John & Company Ltd.	Edinburgh	563
Dawson, Peter Ltd.	Glasgow	9,837
Dewar, John & Sons Limited	Perth	19,966
Drambuie Liqueur Co. Ltd., The	Edinburgh	124,748
Glenlivet Whisky Co. Ltd., The	Edinburgh	3,463
Grant, International J. & G.	Banffshire	488
Grant, William & Sons Limited	Glasgow	25,548
Haig, John & Company Limited	Markinch	28,466
Hill Thomson & Company Ltd.	Edinburgh	14,729
Inver House Distillers Ltd.	Lanarkshire	4,970
John Hopkins & Co. Ltd.	Glasgow	787
Lauder, Archibald & Co.	Dumbarton	19,311
MacDonald & Muir Ltd.	Edinburgh	6,022
MacNish, Robert & Co. Ltd.	Dumbarton	62,522
Matthew Gloag	Perth	20,926
McCallum, D. & J. Limited	Edinburgh	19,674
Ronald Morrison & Co.	Edinburgh	14,594
Sanderson, Wm. & Son Ltd.	West Lothian	5,373
Scottish & Newcastle Breweries	Edinburgh	21,058
Stanley P. Morrison	Glasgow	2,379
Stewart, J. & G. Ltd.	Edinburgh	47,695
Teacher, Wm. & Sons Ltd.	Glasgow	53,995
Walker, Hiram & Sons — Scotland	Dumbarton	5,336
		796,342

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1987

Purchased from	Address	$
Ireland		
Bailey, R & A & Co. Ltd.	Dublin	380,754
Bushmills Distillery, The Old	Northern Ireland	5,433
Carolan, T. J. & Son Ltd.	Tipperary	58,000
Emmet, R. & J. and Company Ltd.	Dublin	16,594
Irish Distillers International	Dublin	16,822
Irish Mist Liqueur Co. Ltd., The	Tullamore	8,168
O'Darby, J. J. Limited	Douglas Cork	89,963
		575,734
Australia		
EMU Wine Company	Mile End	27,076
Lindemans Wines Pty. Limited	Lidcombe	25,389
Mildara Wines Limited	Victoria	4,710
Penfolds Wines Pty. Limited	Magill	8,907
Seppelt, B. & Sons Limited	Adelaide	58,939
		125,021
Holland		
Allied Spirits & Wines	Nederland	1,833
Bols Nederland B.V.	Amsterdam	37,830
Verbrent	Nederland	7,958
		47,621
Portugal		
Casa Dos Vinhos Da Madeira LDA	Madeira	2,424
Caves Aliance Vinicola	Codex	13,060
Fonseca, J. J., Da	Lisboa	4,190
Henriques & Henriques, LDA	Madiera	1,472
Rittos, Irmaos LDA	Vila Nova De Gais	529
Serra, J. & Sons Ltd.	Lisboa	7,118
Sogrape Sociedade Commerical Dos Vinho De Mesa De Portugal, S.A.R.L.	Porto	90,546
Taylor, Fladgate & Yeatman	Vila Nova De Gais	9,233
		128,572
Spain		
Age Bodgeas Unidas, S.A.	Fuenmayer	6,550
Bodegas Faustino Martinez	Alava	2,129
Bodegas J. Sarda .A.	Castellbisbal	230
Bodegas Marques De Caceres	Rioja, Alta	5,588
Bodegas Montecillo S.A.	Cadiz	16,425
Bodegas Montelorca, S.A.	Logrono	6,665
Bodegas Rioja Santyago, S.A.	Rioja	20,250
Bodegas Velazques, S.A.	Rioja	1,301
Caves Lavernoya S.A.	Barcelona	1,316
Codorniu, S.A.	Barcelona	8,761
Coniusa	Barcelona	397
De Muller S.A.	Tarragona	3,437
Freixenet, S.A.	Barcelona	25,858

Wines and Spirits Purchased — Continued

for the Year Ended March 31, 1987

Purchased from	Address	$
Gonzalez Byass S.A.	Jerez De La Frontera	2,193
Gordon, Duff & Company S.A.	Cadiz	1,644
Pedro Domecq S.A.	Jerez De La Frontera	2,270
Rodriguez & Berger, S.A.	Madrid	103
Sandeman, The House of	Cadiz	3,349
Torres, Muguel	Barcelona	7,064
Williams & Humbert Limited	Cadiz	2,523
		118,053
Mexico		
Seagrams De Mexico, S.A. DECV	Ixtapaluca	11,773
Tequila Sauza S.A. De C.V.	Jalisco	50,573
		62,346
Hungary		
Egervin	Szechenyi	5,727
Monimpex	Budapest	50,953
		56,680
Greece		
Achaia-Clauss Wine Company Limited	Patras	10,989
Boutari, John & Son S.A.	Thessaloniki	3,825
Cambas	Athens	1,502
Courtakis	Athens	23,948
Metaxa, S. & E. & A. Distilleries S.A.	Athens	12,816
Societe Hellenique S.A.	Athens	1,524
		54,604
Austria		
Gurtler, Karl E. & Co. Ges. M.B.H.	Vienna	5,056
H.C. Konig Ges M.B.H.	Salzburg	7,288
Morandell, Alois & Sohn	Tirol	22,386
Moser, Lenz GmBH	Krems	11,152
Schloss Drassburg	Siegendorf	2,480
Sebastian Froh Ges M.B.H.	Klagenfurt	186
		48,548
Denmark		
Better Brands Ltd. A/S	Slangerup	1,087
Danisco	Glostrup	2,060
Jacobsen, J.J. Co. Ltd. A/S	Odense	5,917
Svendborg Vinkompagni A.M.B.A.	Copenhagen	4,278
		13,342
Japan		
Hakutsuru Sake Brewing Co. Ltd.	Kobe	5,907
Okura Sake Co. Ltd.	Kyoto	11,129
Suntory Limited	Tokyo	9,400
		26,436

Wines and Spirits Purchased — Concluded

for the Year Ended March 31, 1987

Purchased from	Address	$
Switzerland		
Babero BWS Wine & Spirits	Lugano	19,814
Cave Du Tunnel	Valais	3,101
Marmot Kellerei	Schweiz Suisse	1,504
		24,419
Chile		
Vina Concha Y Toro .A.	Santiago	10,080
Vina Tocornal	Santiago	6,932
Vinicola Miquel Torres LTDA	Curico	5,575
		22,587
Jamaica		
Desnoes & Geddes Ltd.	Kingston	5,693
J. Ulray & Nephew Ltd.	Kingston	626
		$6,319
Other		
AB Vin & Spiritcentralen	Stockholm, Sweden	14,818
Agros, Exporters	Warsaw, Poland	12,720
Alko AB	Helsinki, Finland	15,409
Mount Gay Distilleries Limited	Barbados, West Indies	4,931
Slovin	Ljubljana, Yugoslavia	8,962
Societe Co-operative	Bishon-Le-Zion, Israel	4,044
V/O "Sojuzplodo Import"	Moscow, U.S.S.R.	46,644
Vinimpex	Sofia, Bulgaria	29,667
		137,195

Purchased from Other Liquor Boards:

	Purchases	Sales	Net Purchases
Alberta Liquor Control Board	$ 61,440	$ 2,064	$ 59,376
British Columbia Liquor Control Board	15,288	9,037	6,251
Manitoba Liquor Control Commission	58,712	26,005	32,707
Newfoundland Liquor Corporation	8,038		8,038
Liquor Control Board of Ontario	12,429		12,429
Quebec Liquor Corporation	371		371
	$156,278	$37,106	$ 119,1

Total Wine and Spirits Purchased $32,382,6

Beer Purchased for the Year Ended March 31, 1987

		$
Saskatchewan		
Carling O'Keefe Brewery Ltd.	Regina	19,297,386
Labatt's Saskatchewan Brewery Ltd.	Saskatoon	31,691,518
Molson Saskatchewan Brewery Ltd.	Regina	33,661,120
		84,650,024
Canada		
Amigo Imports	Vancouver, B.C.	11,635
Big Rock Brewery Ltd.	Calgary, Alberta	90
Imported Beer Company, The	Mississauga, Ontario	3,384
Labatt's Ontario Breweries	Weston, Ontario	17,237
Molson Brewery, B.C. Ltd.	Vancouver, B.C.	7,930
Sicks' Lethbridge Brewery Ltd.	Lethbridge, Alberta	48,452
		88,728
Europe		
Brauerei Beck GMBH & Co.	Bremen, West Germany	14,428
Groesche Bierbrouwerig N.V.	Enschede, The Netherlands	12,162
Heineken Brouwerijen B.,V.	Rotterdam, Holland	81,948
Krombacher Privatbraueret	Kromback, West Germany	199,614
Kronenbourg, Brasseries	Cedex, France	16,643
Lothar Heinrich Agencies	Worms, West Germany	6,354
Tuborg International	Copenhagen, Denmark	15,826
Warsteiner Brauerei	Warstein, West Germany	17,669
		364,644
United States		
Heileman, G. Brewing Co. Inc.	La Crosse, Wisconsin	15,233
Morelli's Distributing Inc.	Minot, North Dakota	16,035
		31,268
Other		
New Zealand Breweries Ltd.	Auckland, New Zealand	2,092
Carlton and United Breweries	Melbourne, Australia	22,093
		24,185
Total Beer Purchased		$85,158,849

NOTE: Beer purchased from Saskatchewan brewers includes federal sales and excise taxes and is purchased F.O.B. the retail outlet.

Five Year Financial Review

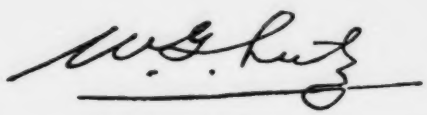
Sales	1982/83 ($000's)	1983/84 ($000's)	1984/85 ($000's)	1985/86 ($000's)	1986/87 ($000's)
Spirits					
Canadian	114,107	123,723	122,762	124,977	123,588
Imported	17,540	18,921	19,325	19,445	18,690
	131,647	142,644	142,087	144,422	142,278
Wines and Ciders					
Canadian	12,632	13,178	13,712	14,295	16,310
Imported	10,171	11,186	11,771	12,392	12,956
	22,803	24,364	25,483	26,687	29,266
Beer, Ale and Stout					
Canadian	94,531	109,777	121,960	125,706	130,176
Imported	666	754	710	715	994
	95,197	110,531	122,670	126,421	131,170
Total Sales					
Canadian	221,270	246,678	258,434	264,978	270,074
Imported	28,377	30,861	31,806	32,552	32,640
	249,647	277,539	290,240	297,530	302,714
Cost of Sales	159,405	148,024	156,750	161,065	163,769
Gross Profit	110,126	129,515	133,489	136,485	138,945
Operating Expenses	19,981	22,242	25,047	23,836	24,023
Operating Income	90,144	107,273	108,442	112,649	114,922
Payment to Minister of Finance	110,000	79,000	71,000	84,000	140,000
Retained Earnings	44,249	75,634	116,864	149,436	127,300

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan:

I have examined the balance sheet of the Saskatchewan Liquor Board as at March 31, 1987 and the statements of income and retained earnings and cash flows for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan
May 22, 1987

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1 — Balance Sheet as at March 31

	1987 ($000's)	1986 ($000's)
Assets		
Current		
Short-term investments at cost which approximates market	$ 16,677	$ 4,408
Accounts receivable	138	169
Inventory	14,265	14,445
Prepaid expenses and supplies	343	321
Total Current Assets	31,423	19,343
Due from Consolidated Fund (Note 4)	91,800	125,800
Fixed		
Buildings, sites and equipment (Note 3)	18,681	19,217
	$141,904	$164,360
Liabilities and Equity		
Current		
Bank overdraft	$ 598	$ 308
Prepaid orders	117	165
Accounts payable	8,964	10,683
Liquor Consumption Tax payable	1,105	1,171
Total Current Liabilities	10,784	12,327
Pension costs payable (Note 6)	3,211	2,597
Equity		
Retained earnings (Statement 2)	127,909	149,436
	$141,904	$164,360

(see accompanying notes)

Statement 2 — Statement of Income and Retained Earnings for the year ended March 31

	1987 ($000's)	1986 ($000's)
Total Sales (Note 7 & 8)	$302,714	$297,550
Cost of Sales (Schedule 1)	163,769	161,065
Gross Profit	138,945	136,485
Operating expenses (Schedule 2)	24,023	23,836
Operating income	114,922	112,649
Other income (Schedule 3)	3,523	3,951
Gain (Loss) on sale of buildings, sites, and equipment	28	(28)
Net Income for the year	118,473	116,572
Retained earnings, beginning of year	149,436	116,864
	267,909	233,436
Payments to Minister of Finance (Note 5)	140,000	84,000
Retained earnings, end of year (Statement 1)	$127,909	$149,436

(see accompanying notes)

Statement 3 — Statement of Cash Flows for the year ended March 31

	1987 ($000's)	1986 ($000's)
Cash Provided By (Used In) Operating Activities		
Income from operations	$118,473	$116,572
Add charges to operations not requiring a current cash payment		
— Depreciation	1,273	1,151
— (Gain)/loss on sale of building, sites and equipment	(28)	28
— Additions to Pension Costs Payable	614	635
	120,332	118,386
Net change in non-cash working capital balances related to operations.*	(1,644)	1,065
Cash Provided by Operating Activities	118,688	119,451
Cash Provided By (Used In) Investment Activities		
Additions to buildings, sites and equipment	(871)	(1,684)
Proceeds from disposal of buildings, sites and equipment	162	43
Cash Used in Investment Activities	(709)	(1,641)
Cash used in transfer payments		
(Additions) Reductions in Due from Consolidated Fund	34,000	(43,000)
Payments to Minister of Finance	(140,000)	(84,000)
Cash used in transfer payments	(106,000)	(127,000)
Net Increase (Decrease) in Cash during year	11,979	(9,190)
Cash Position at Beginning of Year	4,100	13,290
Cash Position at End of Year	$ 16,079	$ 4,100
Cash position comprises cash, (bank overdraft) and short-term investments		
*Accounts Receivable	31	(48)
Inventory	180	(3,202)
Prepaid Expenses and Supplies	(22)	(20)
Prepaid Orders	(48)	19
Accounts Payable	(1,719)	4,233
Liquor Consumption Tax Payable	(66)	83
	$ (1,644)	$ 1,065

(see accompanying notes)

Notes to Financial Statement March 31, 1987

1. Accounting Policy

(a) Inventory

Inventory which consists of wines, spirits and beer is valued at cost which does not exceed net realizable value.

(b) Buildings, Sites, and Equipment

Buildings, sites and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis at rates designed to amortize the cost of fixed assets over their estimated useful lives. Depreciation rates are as follows:

Buildings — 2½%, 5%
Equipment — 15% - 25%
Leashold improvements — term of lease

(c) Enforcement Expenses

A Treasury Board Regulation issued pursuant to Section 211 of The Liquor Act authorized the payment by the Liquor Board of certain expenses relative to the enforcement of provisions of The Liquor Act.

As a result, the year ended March 31 includes the following expenses.

	1987 ($000's)	1986 ($000's)
Department of Urban Affairs	$1,000	$1,000
Department of Justice	2,000	1,956
	$3,000	$2,956

(d) Pension Plans

Presently, the Board is participating in two pension plans. One is the Public Employees' (Government Contributory) Superannuation Plan. It is a cost based pension plan and all pension costs which are charged to operations are equivalent to the amount provided for funding. The other plan, the Liquor Board Superannuation Plan, is a benefit based plan and accordingly the Board has with the recommendation from its Actuary established the following policies: Current service costs are charged to operations. Past service costs arising from modification of the benefits payable under the plan or adjustments in the pension cost calculations brought about by an actuarial evaluation are charged to operations over the future working period of the present members of the plan, not to exceed 15 years. These charges are based on a level percentage of employees contributions to this plan. Any differences between amounts charged to operations and amounts provided for funding is included as a liability or deferred charge.

2. Authority

The Saskatchewan Liquor Board operates under the authority of The Liquor Act, Chapter L-18, Revised Statutes of Saskatchewan 1978.

3. Buildings, Sites and Equipment

	Cost	1987 Accumulated Depreciation	Net Book Value	1986 Net Book Value
	($000's)	($000's)	($000's)	($000's)
Sites	$ 2,105	$ —	$ 2,105	$ 2,211
Buildings	17,343	3,349	13,994	14,112
Furniture and equipment	4,384	2,182	2,202	2,463
Leasehold improvements	1,095	715	380	431
	$24,927	$6,246	$18,681	$19,217

4. Due From Consolidated Fund

This amount represents funds deposited to the credit of the Liquor Board in the Consolidated Fund of the Province within the provisions of Section 209 of The Liquor Act and Section 16 of The Department of Finance Act, 1983 and Treasury Board Regulations. This amount, which is non-interest bearing, may be reduced as decisions are made by Treasury Board concerning the disposition of profits under Section 212 of The Liquor Act.

5. Payments to Minister of Finance

Retained Earnings are paid over to the Minister of Finance for the Consolidated Fund at the direction of the Treasury board pursuant to Section 212 of The Liquor Act.

6. Pension Plan

The actuarial report on the Liquor Board Superannuation Fund as at December 31, 1981 established an amount of $15,205,245 for past service costs. The adjusted provision for superannuation expense for 1987 is $1,564,816 ($466,357 for current service costs, $1,098,459 for amortizing past service costs). The amount of unamortized past service costs as at March 31, 1987 is $9,437,846. The funding for the plan during 1986/87 was $950,844. The cumulative difference between the Board's provision and funding for pension costs gives rise to a $3,210,645 pension cost payable.

7. Beer Sales and Costs of Sales

The beer sales and cost of sales amounts are stated net of bottle deposits. The bottle deposit for 1987 amounted to $18,753,358 (1986 — $19,353,551.)

8. Sales

Total sales are comprised of the following:

	1987 ($000's)	1986 ($000's)
Wines and Spirits		
— in stores:		
— to licensees	$ 20,422	$ 21,339
— to public	123,152	120,409
	$143,574	$141,748
— to special vendors:		
— to licensees	$ 7,328	$ 7,574
— to public	21,636	22,522
	$ 28,964	$ 30,096
	$172,538	$171,844
Beer		
— to licensees	$80,886	$77,683
— in stores	47,178	45,903
— to special vendors	2,112	2,120
	$130,176	$125,706
	$302,714	$297,550

9. Related Parties

Included in these financial statements are expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown controlled departments, agencies and corporations with which the Board is related.

Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms. Other amounts due to (from) related parties and the terms of settlement are described separately in the Financial Statement and the notes thereto.

Schedules

Schedule 1 — Cost of Sales for the Year Ended March 31

	1987 ($000's)	1986 ($000's)
Inventory, beginning of year	$ 14,445	$ 11,243
Net Purchases	117,249	116,075
Freight	4,409	4,314
Duty and excise tax	41,931	43,878
	178,034	175,510
Less inventory, end of year	14,265	14,445
	$163,769	$161,065

(see accompanying notes)

Schedule 2 — Operating Expenses for the Year Ended March 31

	1987 ($000's)	1986 ($000's)
Audit fees	$ 49	$ 47
Bank service charges	90	76
Breakages	146	150
Building operation	270	413
Communications	274	272
Customer service programs	57	82
Data processing	387	342
Depreciation on buildings	555	538
Enforcement expense (Note 1(c))	3,000	2,956
Equipment maintenance and depreciation	1,067	912
Grants in lieu of taxes	863	757
Insurance	80	53
Pension Costs	1,787	1,826
Rent and utilities	1,752	1,512
Salaries, wages and fringe benefits	12,559	12,688
Stationery and supplies	575	597
Sundry	287	396
Travel and vehicle	225	219
	$24,023	$23,836

(see accompanying notes)

Schedule 3 — Other Income for the Year Ended March 31

	1987 ($000's)	1986 ($000's)
Interest	$2,189	$2,700
Permit	619	619
Sundry	715	632
	$3,523	$3,951

(see accompanying notes)